

Tuesday, October 22, 2013

The Board met at the Red Lion Hotel Redding, 1830 Hilltop Drive, Redding, at 1:40 p.m., with Mr. Horton, Chairman, Ms. Yee and Mr. Runner present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

ANNUAL BOARD MEETING WITH COUNTY ASSESSORS

Mr. Horton opened the annual meeting of the Board and county assessors required under section 15607 of the Government Code to discuss administrative issues related to assessment and taxation laws and to promote uniformity in tax procedural matters throughout the State of California. He introduced the Members of the BOE. Mr. Horton then introduced Honorable James B. Rooney, President, California Assessors' Association (CAA) and Amador County Assessor; and, Honorable Larry W. Ward, President-Elect, CAA and Riverside County Assessor/Recorder/Clerk.

Greetings and Introductory Remarks by each Board Member

Mr. Horton, on behalf of the Board, welcomed the county assessors to the meeting and shared his appreciation for the hard work that they do. He discussed the poverty and other challenges in California and the importance of working together to improve the economy.

Mr. Runner expressed his appreciation for the opportunity to meet with the county assessors in conjunction with their Annual California Assessors' Association Meeting; and, that he looks forward to the discussions.

Ms. Yee thanked Honorable James B. Rooney and Honorable Larry W. Ward for their leadership. Ms. Yee commented on the professionalism and expertise of the county assessors and discussed some new challenges. Ms. Yee thanked the BOE's Property Tax staff, and introduced the newest assessor in her district, Honorable Carmen Chu, San Francisco City and County Assessor-Recorder.

Ms. Mandel conveyed greetings on behalf of State Controller John Chiang and herself, and, invited the county assessors to contact the Controller's office with any challenges or opportunities they would like to discuss.

Opening Remarks by California Assessors' Association

Honorable James B. Rooney, President, CAA and Amador County Assessor, introduced new county assessors: Don H. Gaekle, Stanislaus County Assessor; Robert Musil, Mono County Assessor; and, Sharon Moller, Acting Los Angeles County Assessor. Mr. Rooney discussed the importance of county assessors and the fair treatment of property taxpayers when property values increase as well as when they decrease, and the benefits of sharing efficiencies with each of the 58 counties. He expressed his appreciation for the CAA's Education Committee, which helps standardize staff education, as well as its affiliate program, which increases communication among the counties. He commented on the importance of what the BOE does and the importance of this annual meeting with the Board.

Note: These minutes are not final until Board approved.

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Honorable Larry W. Ward, President-Elect, CAA and Riverside County Assessor/Recorder/Clerk, shared that although Riverside County, like most counties in the state, has a positive assessment roll for the first time in about five years, the budget issues are further complicated by a recent Supreme Court decision, which is expected to cost Riverside County approximately \$1.5 million. He discussed the importance of educating the public about the temporary nature of Proposition 8, as well as the importance of input from all parties involved in the issues of the PILOT program, embedded software and the legality of possessory interest on tribal lands.

Mr. Horton acknowledged the Executive Committee of the county assessors and their valuable work. He encouraged an open dialogue and interaction with the CAA, the Legislature and the Board.

Panel Discussions

Embedded Software

Mr. Runner made introductory remarks regarding the panel discussion on Embedded Software, and summarized the history of the issue and the steps taken thus far. Computer software does not reside only in the stand-alone multi-purpose machines commonly used at home and business. Software is also “embedded” in a multitude of machinery and equipment. This discussion focuses on the challenges with the treatment of embedded software for assessment purposes. ([Exhibit 10.1](#))

Dean Kinnee, Chief, County-Assessed Properties Division, Property and Special Taxes Department, discussed the April 2013 Board-disseminated questionnaire to all California county assessors regarding the assessment of bundled nontaxable software in their respective counties.

Panel: Therese Twomey, Fiscal Policy Director, California Taxpayers Association
Lawrence L. Hoenig, Tax Partner, Pillsbury Winthrop Shaw Pittman
([Exhibit 10.2](#))
Honorable Lawrence E. Stone, Santa Clara County Assessor

Mr. Runner provided an estimated timeline that anticipates the questionnaire analysis to be completed by the end of the year, presented to the Board in January, and options provided to the Board at an early 2014 meeting.

Exhibits to these minutes are incorporated by reference.

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Payment in Lieu of Taxes on Low-Income Housing (PILOT agreements)

Mr. Runner made introductory remarks regarding the panel discussion on PILOT agreements. Low-income housing developers or owners sometimes enter into PILOT agreements to compensate local government for costs associated with the property. This discussion will focus on the effect of a PILOT agreement on the eligibility of the low-income housing property for the Welfare Exemption. ([Exhibit 10.3](#))

Panel: Richard Moon, Tax Counsel, Legal Department, Board of Equalization
Honorable Dan Goodwin, MAI, Ventura County Assessor

The Board adjourned at 3:30 p.m.

The foregoing minutes are adopted by the Board on January 16, 2014.